

RECEIVED

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D. C. 20554

AUG 8 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of:

Revision to Amend Part 32
Uniform System of Accounts for
Class A and Class B Telephone
Companies to Raise the Expense
Limit for Certain Items of
Equipment

CC Docket No. 95-60

REPLY COMMENTS OF
BELLSOUTH TELECOMMUNICATIONS, INC.

BellSouth Telecommunications, Inc. (BellSouth), through its undersigned counsel, hereby submits its reply comments in the above-referenced proceeding, pursuant to the Notice of Proposed Rulemaking (NPRM) released by the Commission on May 31, 1995. In the NPRM, the Commission seeks comments on its proposal to increase the expense limit for certain individual items of equipment from \$500 to \$750 and on a proposal to amortize the undepreciated embedded base over the remaining life of the related assets.

Twelve parties filed comments in response to the NPRM. Most of the parties perceived the proposed expense limit change to be insufficient, and that meaningful change could only be achieved through increasing the expense level to approximately \$2,000. In these reply comments, BellSouth addresses NYNEX's proposal for a joint federal-state study, U S West's and PacTel's suggestions that the Commission not

No. of Copies rec'd
List A B C D E

029

implement a de minimus change in the expense limit and MCI's misplaced comments on competitive market considerations.

NYNEX Telephone Companies (NYNEX)

In its comments, NYNEX recommends a joint federal-state study be conducted to determine an appropriate expense limit level. NYNEX suggests that the work efforts should be reasonably and realistically defined in a way that would ensure such a study would be completed on a fast track basis.

BellSouth does not believe that such a process would result in a "quick and simple" reduction in the recordkeeping requirements for the subject assets or a meaningful change in the expense limit. The more likely result is another year of delay and inaction and a de minimus change in the expense limit that costs more to implement than any potential savings from reduced administrative costs. Already, it has taken a year to get a rulemaking initiated. The comments fully support the \$2,000 expense limit proposed by USTA. Expending additional time and resources on a joint federal-state study of this issue would yield no better record than the record currently before the Commission. BellSouth urges the Commission not to incur unnecessary costs and time on such a study.

MCI Telecommunications Corporation (MCI)

MCI urges the Commission not to consider competition as a reason for increasing the expense limit. But, even if the Commission were, for purposes of this proceeding, to assume no

competition, it would still be a good practice to adopt rules such as those proposed in the USTA proposal, that would allow LECs to be more efficient. The Commission should realize that the real issue here is increased efficiency and cost savings through the elimination of unnecessary administrative processes. Accordingly, the Commission should disregard MCI's comments and increase the expense limit to the \$2,000 level proposed by USTA.

CONCLUSION

BellSouth urges the Commission not to adopt the de minimus change in the expense limit proposed in the NPRM. If the Commission cannot increase the expense limit to the \$2,000 level, then BellSouth urges the Commission to adopt U S West's suggestion and make no change in the expense limit. In the alternative, the Commission should grant carriers the flexibility to retain the \$500 limit as suggested by PacTel.

Respectfully submitted,

BELLSOUTH TELECOMMUNICATIONS, INC.

by its Attorneys



M. Robert Sutherland
Sidney J. White, Jr.

4300 Southern Bell Center
675 West Peachtree Street, N. E.
Atlanta, Georgia 30375
(404) 529-5094

Date: August 8, 1995

CERTIFICATE OF SERVICE

I hereby certify that I have this 8th day of August, 1995, served the foregoing parties to this action, with a copy of the foregoing REPLY COMMENTS OF BELLSOUTH TELECOMMUNICATIONS, INC. referenced to CC 95-60 by hand delivery or by placing a true and correct copy of the same in the United States mail, postage prepaid.


Brenda L. Garside

*Hand delivered

*William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N. W., Room 222
Washington, D. C. 20554

*ITS
1919 M Street, N. W.
Room 246
Washington, D. C. 20554

*Mary McDermott
USTA
1401 H Street, N. W.
Suite 600
Washington, D. C. 20005

Michael J. Karson
Attorney for Ameritech
Room 4H88
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025

Edward Shakin
Edward D. Young, III
Michale E. Glover
Bell Atlantic
1320 North Court House Road
Eighth Floor
Arlington, VA 22201

Richard McKenna, HQE03J36
GTE Service Corporation
P. O. Box 152092
Irving, Texas 75015

Gail L. Polivy
GTE Service Corporation
1850 M Street, N. W.
Suite 1200
Washington, D. C. 20036

Don Sussman
MCI Telecommunications Corporation
1801 Pennsylvania Avenue, N. W.
Washington, D. C. 20008

Campbell L. Ayling
NYNEX
1111 Westchester Avenue
White Plains, New York 10604

Kathleen Wallman
Chief, Common Carrier Bureau
Federal Communications Commission
Room 500
1919 M Street, N. W.
Washington, D. C. 20554

Lucille M. Mates
April Rodewald-Fout
Pacific Bell/Nevada Bell
140 New Montgomery Street
Room 1526
San Francisco, CA 94105

James L. Wurtz
Margaret E. Garber
Pacific Bell/Nevada Bell
1275 Pennsylvania Avenue, N. W.
Washington, D. C. 20004

Robert M. Lynch
Durward D. Dupre
Jonathan W. Royston
Southwestern Bell Telephone Company
One Bell Center, Suite 3520
St. Louis, Missouri 63101

Kenneth P. Moran
Chief, Accounting & Audits Branch
Common Carrier Bureau
Federal Communications Commission
2000 L Street, N. W.
Room 812
Washington, D. C. 20036

Kenneth Ackerman
Accounting & Audits Division
Federal Communications Commission
2000 L Street, N. W.
Room 812
Washington, D. C. 20554

Dan L. Poole
Gregory L. Cannon
U S West Communications, Inc.
Suite 700
1020 19th Street, N. W.
Washington, D. C. 20036

Scott A. Neitzel
Commissioner
Public Service Commission of Wisconsin
610 North Whitney Way
P. O. Box 7854
Madison, Wisconsin 53707

Paul J. Feldman
Fletcher, Heald & Hildreth
Counsel for Rosevill Telco.
1300 North 17th Street
11th Floor
Rosslyn, VA 22209

Cheryl L. Parrino
Chairman
Public Service Commission of Wisconsin
610 North Whitney Way
P. O. Box 7854
Madison, Wisconsin 53707

Mary E. Burgess
NYDPS
Three Empire State Plaza
Albany, New York 12223

Thomas E. Taylor
Christopher J. Wilson
Cincinnati Bell Telephone Company
2500 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202